

Message Text

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PAGE 01 LA PAZ 04529 101633Z
ACTION L-03

INFO OCT-01 ARA-10 ISO-00 EB-08 H-01 INR-10 /033 W
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P 091546Z JUN 78
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC PRIORITY 1115

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C O R R E C T E D C O P Y F O R P A R A T W O

E.O. 11652: N/A
TAGS: CPRS, EFIN, BL
SUBJECT: CASE OF BOL-INCA MINING CORPORATION

REF: (A) STATE A-1190, (B) LA PAZ A-20, (C) STATE 144224,

1. THE EMBASSY HAS ATTEMPTED TO RECONSTRUCT THE EVENTS RELEVANT TO THE SUBJECT CASE WHICH HAS LAIN DORMANT FOR OVER SEVEN YEARS. IN RESPONSE TO OUR INQUIRY TO THE MINERALS ATTACHE AT THAT TIME (NOW RETIRED) WE WERE INFORMED THAT HE DDD NOT RECALL A MENTION OF "JUICIO CONSTENCIOSO" IN REFERENCE TO THIS CASE. HE MADE REPRESENTATIONS TO THE MINISTRY OF MINES TO GET ANOTHER EXTENSION ON THE CONTRACT FOR O'NEILL BUT THE GOB WAS "FED UP" WITH BOL-INCA'S DELAYS AND NON-PAYMENT OF TAXES.

2. DR. GOTTRET SAID THAT HE RECOMMENDED AGAINST PURSUING A "JUICIO CONTENCIOSO" CASE BECAUSE IT WOULD BE FRUITLESS. HE BELIEVED THIS BECAUSE THE GOB HAD GIVEN MANY EXTENSIONS TO BOL-INCA AND THE LAST CONTRACT WITH BOL-INCA HAD IRREGULARITIES BECAUSE THE LAW HAD BEEN STRETCHED IN THE COMPANY'S FAVOR. IN ADDITION, BOL-INCA OWED BACK TAXES OF \$300,000 AND ITS TIME HAD RUN OUT WITH NO HOPE THAT BOL-INCA COULD RAISE THE NECESSARY MONEY. DR. GOTTRET'S RECOMMENDATION AGAINST "JUICIO CONTENCIOSO" WAS NOT BASED ON A BELIEF THAT THE GOB JUDICIAL
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SYSTEM WOULD NOT BE FAIR OR THAT "JUCIO CONTENCIOSO" HAD NEVER BEEN EFFECTIVELY APPLIED IN SIMILAR CASES.

3. FOLLOWING IS THE CURRICULUM VITAE PROVIDED TO THE EMBASSY BY DR. AUGUSTO GOTTRET BALDIVIESO.
"I WAS BORN IN TUPIZA (BOLIVIA) ON JUNE 6, 1922.
ELEMENTARY AND HIGH SCHOOL STUDIES AT COLEGIO LA SALLE, LA PAZ.

I STUDIED LAW AT UNIVERSIDAD MAYOR DE SAN ANDRES, LA PAZ, BOLIVIA, WITH POST GRADUATE STUDIES IN BUENOS AIRES, SPAIN AND ITALY.

--PRESIDENT OF THE SOCIAL SECURITY OFFICE FOR RAILWAY WORKERS AND EMPLOYEES.

--DIRECTOR OF THE NATIONAL OFFICE FOR SOCIAL SECURITY

--DIRECTOR AND SECRETARY GENERAL OF THE NATIONAL CHAMBER OF MINING.

--UNIVERSITY PROFESSOR

--SUB SECRETARY OF MINING AND OIL

--DIRECTOR OF THE BOLIVIAN MINING CORPORATION

--GENERAL ADVISOR AT THE MINISTRY OF MINES AND OIL

--JOINTLY WITH DR. LUIS FERNANDO VALLE, WE WROTE THE MINING CODE, WHICH WAS TRANSLATED INTO ENGLISH.

--AS A JOURNALIST, I WAS CHIEF OF INFORMATION AT "LA RAZON" NEWSPAPER, CHIEF EDITOR OF "EL DIARIO" AND DIRECTOR OF "EL COMERCIO"

--AUTHOR OF ESSAYS AND COMMENTS ABOUT MINING AND JURIDICAL PROBLEMS.

--AT PRESENT, I AM THE LEGAL ADVISOR OF BANCO INDUSTRIAL S.A. AND MEDIUM - MINING COMPANIES. I ALSO ACT AS A COJUDGE OF THE NATIONAL MINING COURT.

OUR JURIDICAL MINING OFFICE HAS CORRESPONDENTS IN THE UNITED STATES AND EUROPE. FOR REFERENCES IN ITALY, TURN TO MARIO F. SAVOLDI".

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4. RRA HAS ALSO SPOKEN TO THE DIRECTOR OF MINING IN THE MINISTRY OF MINES RE THE SUBJECT CASE. HE REMEMBERS THE CASE WELL AND WAS HIMSELF INSTRUMENTAL IN GRANTING SEVERAL TIME EXTENSIONS FOR BOL-INCA. CLEARLY HE AND EVERYONE ASSOCIATED WITH THE CASE BELIEVES THAT THE GOB HAS BEEN MORE THAN GENEROUS OVER THE MORE THAN THIRTY YEARS THAT BOL-INCA HELD ITS BOLIVIAN GOLD CONCESSIONS. IN FACT, SOME PEOPLE HERE WHO KNEW RALPH O'NEILL MAINTAIN THAT HE NEVER INTENDED TO MINE HIS CONCESSIONS BUT RATHER BOUGHT AND SOLD STOCKS AS BOL-INCA'S FORTUNES - WAIVERED WITH THE INTEREST OF OTHER FOREIGN COMPANIES IN ITS CONCESSIONS AND/OR BASED ON ACTIONS OF THE GOB. WE UNDERSTAND THAT THE SEC INVESTIGATED BOL-INCA IN 1969 AND SUGGEST THE DEPARTMENT VERIFY THIS.

5. THE EMBASSY HAS NOT RESPONDED TO STATE A-1190 UNTIL THIS TIME BECAUSE IT WAS WAITING THE DEPARTMENT'S RESPONSE TO LA PAZ 3728 AND 4199 IN ORDER TO ASSIST US IN TRYING TO ANSWER POINTS 1, 3 AND 4 OF PAGE TWO OF CONGRESSMAN MCCLOSKEY'S LETTER OF FEBRUARY 24. THE EMBASSY DOES NOT HAVE IN ITS FILES THE ORIGINAL COPY OF 1188 SO WE DONT KNOW WHO DRAFTED IT BUT FELT THE ECONOMIC COUNSELLOR AT THE TIME; A. DANIELS NOW IN JIDDA, MIGHT RECALL SOMETHING IF HE

SAW THE CABLE. EMBASSY HAS NOW SENT A COPY OF 1188 (ENCLOSURE
TO STATE A-1190) TO DANIELS IN JIDDA.
BOEKER

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Message Attributes

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